

Office of Management and Budget Narrative Information FY-2009

Agency: U.S. Department of Commerce
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All agencies are required to report to the Office of Management and Budget, Office of Federal Financial Management, and maintain for their own use, the following narrative information. Those agencies listed in the original Chief Financial Officers Act of 1990 and the Department of Homeland Security are required to report these items on an annual basis. All other agencies are required to report these items on a bi-annual basis.

1. *What are the date(s) of the most recent and next scheduled independent review (e.g. Office of Inspector General) for all agency charge card programs?*

Purchase Card

The Department of Commerce (DOC) Office of Inspector General conducted a performance audit and a report, entitled "Office of the Secretary's Oversight of Its Purchase Card Program Needs Heightened Monitoring and Enforcement," was issued on March 28, 2003. The Office of Inspector General does not release information on scheduled reviews.

Travel Card

The DOC Office of Inspector General conducted a performance audit and a report, entitled "Travel Card Program at National Weather Service Headquarters Needs Additional Management Controls," was issued on March 18, 2003. The Office of Inspector General does not release information on scheduled reviews.

Fleet Card

The DOC Office of Inspector General has not conducted a recent review of the fleet card program. The Office of Inspector General does not release information on scheduled reviews.

2. *Describe the current process for monitoring delinquency. What reports does your agency review? What actions are taken when a problem is discovered?*

Purchase Card

The DOC Office of Financial Management implemented a pay and chase method in March 2004, which eliminates delinquencies. The pay and chase method involves payment in full to JP Morgan Chase within 3 days after receipt of the invoice. As part of oversight, the Commerce Bankcard Center (CBC) monitors payments by reviewing quarterly reports on all payments made by the DOC to JP Morgan Chase for delinquencies and duplicate or erroneous payments. If an erroneous payment occurs, the CBC notifies JP Morgan Chase and the DOC finance payment center to recapture payment from the merchant.

Travel Card

In SmartPay 2, Travel Agency Program Coordinators (APCs) monitor the servicing bank report of delinquency levels, including pre-suspension and pre-cancellation reports on cardholder accounts that have become delinquent. The servicing bank has the discretion to initiate cancellation procedures on individually billed accounts, after going through the suspension

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process. As necessary, the Travel Card APC provides a monthly delinquency report to management. In appropriate circumstances, the employee's supervisor may take disciplinary action in accordance with Department Administrative Order 202-751, entitled Discipline. In addition, Bureau APCs have access to delinquency reports for cardholder account monitoring purposes.

Fleet Card

In the event of a delinquent notification, JP Morgan Chase will send an email notification to the Department's Fleet Manager who in turn will take corrective action.

3. *If applicable, describe the steps your agency takes to address protracted turnaround time (> 15 working days) following voucher submission for travel voucher reimbursement.*

Not Applicable.

4. *Describe the method your agency uses to identify and detect possible card misuse. This includes the use of any specialized information technology solutions, as well as any requests to charge card vendors for data reports.*

Purchase Card

Under SmartPay2, JP Morgan Chase MasterCard Expert Monitoring System (EMS) automates real-time screening of daily transactions against 36 merchant category codes (MCC) that could possibly produce questionable items. If questionable purchases are noted, the APC conducts further review and reports suspected fraud, waste and abuse to the Office of Inspector General. Additionally, APCs perform annual purchase card audits. The cardholders are then required to provide supporting documentation for review.

Travel Card

The Bureau APC reviews the travel card activity report of all cardholder accounts monthly to identify potential areas of concern. If appropriate, the Bureau APC notifies the cardholder's supervisor of any questionable charges and/or transactions. If charges are identified as misuse, abuse, or outside of Departmental Policy, the employee's supervisor is authorized in appropriate circumstances to take disciplinary action in accordance with Departmental Administrative Order (DAO) 202-751, entitled Discipline. Under SmartPay2, JP Morgan Chase MasterCard Expert Monitoring System automates these tasks real-time and reports are made available to the APC online. All managers are required to review these reports monthly and report quarterly on action taken.

Fleet Card

The DOC Fleet Manager reviews fleet card activities monthly through JP Morgan Chase PaymentNetG and MasterCard Expert Monitoring System. If questionable purchases are noted, the APC conducts further review and reports suspected fraud, waste and abuse to the Office of Inspector General. If charges are identified as misuse, abuse, or outside of Departmental Policy,

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the employee's supervisor is authorized in appropriate circumstances to take disciplinary action in accordance with DAO 202-751, entitled Discipline. Under SmartPay2, JP Morgan Chase MasterCard Expert Monitoring System automates these tasks real-time and reports are made available to the APC online.

5. *Describe any future plans (within the next 12 months) to enhance charge card systems by automating reviews to detect instances of abuse, misuse, and fraud.*

Purchase Card, Travel Card and Fleet Card Programs

In December of 2007, the Department awarded JP Morgan Chase/MasterCard association a task order to provide commercial charge card services for purchase, travel and fleet business lines. The Department will use JP Morgan Chase's PaymentNetG for charge card management. The Department will also use MasterCard Expert Monitoring System (EMS) to detect instances of fraud, abuse, misuse, and for compliance monitoring. EMS is a comprehensive risk management tool (policy and compliance, fraud prevention, anti money laundering and data analysis). These solutions will enhance the Department's charge card programs.

6. *Describe any best practices the agency employs in charge card management.*

Purchase Card

- Setting limit controls: the majority of DOC cardholders have single purchase limits of \$3,000 or less. Single purchase limits above the micro-purchase threshold are limited to cardholders who meet the contracting officer warrant requirements as outlined in Commerce Acquisition Manual 1301.6. However, our revised purchase card policy provides for a six month grace period for those cardholders with transaction limits above the micro purchase threshold that do not hold a contracting officer warrant to come into compliance.
- All cardholders and Approving Officials are required to take the GSA on-line purchase card training and provide the certificate of completion to the agency level program coordinators prior to applying for a purchase card. The training certificates accompany the application, which is forwarded to the APC for processing.
- DOC presently has a ratio of four cardholders per AO. Over the years, this ratio has proven to be the most manageable in meeting our oversight and reconciliation requirements.
- The Commerce Acquisition Manual (CAM) 1313.301, Purchase Card Program is required reading by each and every cardholder and approving official. The manual contains DOC's purchase card policy, and is available on-line.
- Quarterly conference calls are held with APCs to share best practices and review policies.
- Access to JP Morgan Chase and MasterCard's on-line systems is available for charge card management.

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Travel Card

- Setting limit controls: the master travel card profile limit is set at \$5000, and requests for a larger limit are evaluated based upon the number of trips and estimated cost of travel.
- All cardholders and APCs are required to take the GSA on-line travel card and APC training. After completion, the certificate of completion is forwarded to the APCs along with a completed application for a travel card. The training certificate is kept on file with the application as a permanent record in the cardholder's master file. Re-certification is required every three years, and is tracked by APCs.
- Quarterly meetings/conference calls with coordinators to share best practices and review policies.
- APCs are encouraged to attend the annual conferences for increased program knowledge.
- APCs conduct ongoing audits and provide training to bureau APCs in identifying triggers for evaluation.
- DOC manages a web page that provides links to travel card forms and agency policy.
- APCs utilize JP Morgan Chase and MasterCard's on-line systems for card management.
- Standardized communications are used for cardholders and/or supervisors.
- All managers are required to review these reports monthly and report quarterly on action taken.

Fleet Card

Not applicable

7. Provide any additional useful information regarding charge card programs.

Purchase Card, Travel Card and Fleet Card

Currently, the Department's purchase, travel, and fleet card programs are in the SmartPay2 implementation transition phase with JP Morgan Chase/MasterCard association.